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COMDTNOTE 7100

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COMMANDANT NOTICE 7100

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Subj: CH - 6 OF THE FINANCIAL RESOURCE MANAGEMENT MANUAL (FRMM),  
COMDTINST M7100.3A

1. PURPOSE. This Notice incorporates Chief Financial Officers (CFO) Act policies regarding Financial Policy For Accounts Receivable into the FRMM.
2. ACTION. Area and district commanders; commanders of maintenance and logistics commands; and commanding officers of headquarters units, assistant commandants for directorates, Chief Counsel, and special staff offices at Headquarters are directed to incorporate the enclosed policy changes into their standard operating procedures.
3. DIRECTIVES AFFECTED. This Notice constitutes Change 6 to the Financial Resource Management Manual (FRMM), COMDTINST M7100.3A.
4. PROCEDURES. Make the following changes to the Financial Resource Management Manual (FRMM). Remove and insert the following pages:

Remove

Table of Contents p. iii thru iv

p. 7-1 thru p. 7-2

p. 7-35

Insert

Table of Contents p.iii thru iv

p. 7-1 thru p. 7-2

p. 7-35 thru p.7-44

DISTRIBUTION – SDL No. 138

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z
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NON-STANDARD DISTRIBUTION:

COMDTNOTE 7100

5. SUMMARY OF CHANGES. This change incorporates Chief Financial Officers (CFO) Act policies regarding Financial Policy for Accounts Receivable.

W. H. CAMPBELL  
Director of Finance and Procurement

Encl: (1) CH - 6 The Financial Resource Management Manual (FRMM),  
COMDTINST M7100.3A

# Financial Resource Management Manual

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## CHAPTER 7 - COAST GUARD ACCOUNTING POLICIES AND STANDARDS

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## **Encl. 7-6 FINANCIAL POLICY FOR ACCOUNTS RECEIVABLE**

### **I. Issue**

To establish policies for the financial treatment of accounts receivable.

### **II. Applicability**

This policy applies to accounts receivable generated by Coast Guard (CG) operations, except for non-appropriated fund activities.

### **III. References**

If conflicts are found to exist, this policy supersedes the procedures for the financial accounting treatment of accounts receivable contained in the below directives.

- A. Statement of Federal Financial Accounting Standards (SFFAS) # 1 "Accounting for Selected Assets and Liabilities"  
<http://www.financenet.gov/financenet/fed/fasab/pdf/sffas-1.pdf>
- B. SFFAS #7 "Accounting for Revenue and other Financing Sources"  
<http://www.financenet.gov/financenet/fed/fasab/pdf/sffas-7.pdf>
- C. Office of Management and Budget (OMB) Circular No. A-129 "Policies for Federal Credit Programs and Non-Tax Receivables"  
<http://www.whitehouse.gov/omb/circulars/a129/a129.html>
- D. Debt Collection Act of 1982
- E. Debt Collection Improvement Act (DCIA) of 1996  
<http://www.fms.treas.gov/debt/dmpolicy.html#leg>
- F. Improving the Management of Federal Delinquent Debt  
<http://www.fms.treas.gov/debt/writeoff.pdf>
- G. Treasury Financial Manual, Volume I, Parts 2 & 6  
<http://www.fms.treas.gov/tfm/index.html>
- H. COMDTINST M5890.9, CG Claims and Litigation Manual
- I. Finance Center Standard Operating Procedures (SOP) Manual, Chapter 9 "Procedures for Receivables, Collections and Lockbox" <http://www.fincen.uscg.mil/sop.htm>

#### **IV. Definitions**

- A. Accounts Receivable: Amounts due from others for goods furnished, services rendered, or charges levied (e.g. reimbursements earned, refund receivables, civil fines and penalties).
- B. Refund Receivables: Refunds represent the pay back of overpayments or amounts paid in error. Examples of these types of transactions are duplicate payments, transportation ticket refunds, erroneous payments, etc. Refund receivables from Non-Federal entities are not available for obligation until the refund is collected.
- C. Entity Receivables: Amounts due representing the value of commodities, work or services furnished to another appropriation, individual or firm which by law may be credited to the appropriation which financed such items or activities. Examples of these types of transactions are oil spill clean-up costs billed by the National Pollution Funds Center (NPFC) for the Oil Spill Liability Trust Fund (OSLTF) and spare parts purchased from the Supply Fund.
- D. Non-Entity Receivables: Amounts that the entity collects on behalf of the U.S Government or other entities, and the entity is not authorized to spend (e.g. fines for boating safety violations).
- E. Unbilled Receivables: Expenditures that have been incurred, representing a valid claim but have not been billed (e.g. NPFC expenditures accruing on a case with a **known** responsible party (RP) to bill, however, the claim is not ready to be billed).
- F. Accounts Receivable Manager: A Headquarters Office Chief, Headquarters Unit Commanding Officer or other official responsible for management of major accounts receivable program in accordance with applicable regulations.

#### **V. Responsibilities**

- A. Office of Financial Systems (Commandant (G-CFS))  
Develops or participates in the development and ultimate approval of accounts receivable policy and certification of related financial systems. Assures systems comply with applicable external requirements including effective internal controls.



- B. Office of Financial Management (Commandant (G-CFM))  
Develops and monitors programs for ensuring effective implementation/execution of CG's accounts receivable policy including adequacy of prevailing internal controls.
- C. Office of Budget (Commandant (G-CBU))  
Monitors receivables established under the Reimbursable and Refund Programs as per paragraph 5.I. of the Financial Resource Management Manual (FRMM).
- D. Chief, Office of Claims and Litigation (Commandant (G-LCL))  
Develops CG claims settlement programs.
- E. CG Finance Center (FINCEN):
  - (1) Maintains general ledger balances for accounts receivable in the core accounting system.
  - (2) Requires reconciliation of subsidiary records to controlling general ledger accounts.
  - (3) Consolidates receivables CG wide.
  - (4) Operates and maintains the Oracle accounts receivable system.
  - (5) Maintains receivables/collections for assigned programs.
  - (6) Reports accounts receivables for the CG to regulatory activities.
  - (7) Establishes SOPs to carryout the above functions.
- F. Accounts Receivable Manager:
  - (1) Responsibilities:
    - (a) Exercises effective stewardship of accounts receivable.
    - (b) Ensures personnel performing accounts receivable functions have adequate training.
    - (c) Complies with the receivable policies in the FRMM, FINCEN SOPs and other applicable guidance.
    - (d) Establishes and implements SOPs in support of prevailing accounts receivable policies.
    - (e) Implements and maintains effective internal controls.

(f) Performs accounting, billing and collection functions where applicable.

(2) Major Accounts Receivable Manager assignments:

<b>Related Activity</b>	<b>Accounts Receivable Manager</b>
Oil Clean Up/Damage claims	NPFC
Aircraft Repair & Supply Center (ARSC)	ARSC
Engineering Logistics Center (ELC)	Yard
Yard	Yard
Military Pay, "out-of-service debt" and miscellaneous offset debt such as travel or excess HHG shipments	Human Resource Service and Information Center (HRSIC)
Medical Claims	COMDT(G-WRP)
Dining Facilities	COMDT(G-WKW)
Uniform Clothing	COMDT(G-WPM)
Federal Emergency Management Agency (FEMA) reimbursements	COMDT(G-CFM)
Civil Fines/Penalties	MLC-PAC (Legal)
All Other Claims Not Assigned	FINCEN

## **VI. Policy**

### **A. Receivable Recognition:**

- (1) Accounts Receivable shall be recognized and recorded in the accounting period when claims arise.
- (2) Adequate supporting documentation for the receivables shall be maintained by the billing office.
- (3) Unbilled Receivables:
  - (a) This category primarily applies to NPFC. Also includes FINCEN unbilled receivables under the Merchant Vessel Inspection (MVI) program and the reimbursable program.
  - (b) The revenue standard, SFFAS#7 requires that revenue be recorded when it is earned vs. collected. Therefore, unbilled accounts receivable shall be accrued in the accounting period when claims to cash arise. The accounts receivable manager shall prepare documentation to support recording an unbilled receivable. All unbilled receivables shall be tracked, aged (but reflected as 'Not Delinquent'), and reported to the FINCEN in accordance with the FINCEN SOP.
- (4) The Oil Pollution Act of 1990 (OPA 90) establishes general liability limits for removal costs and damages resulting from vessel and facility oil spills. Limits do not apply in exceptional circumstances, which may be determined only through settlement or litigation with the liable responsible party (RP). The amount to be recorded should cover removal costs and damage payments incurred up to the general limit of liability for the particular spill. Any removal costs or damage payments in excess of the general limit are not considered due from the RP (although billed by the NPFC) until there is a settlement in which the RP agrees to pay in excess of the limit, or a final judgment by a court that orders the RP to pay in excess of the limit. To adequately comply with Title 2(Appendix I, C50), any receivable for removal costs or damage payments in excess of the limit of liability should not be recorded in the accounting records, but

rather disclosed as a contingent gain in the footnotes to the financial statements. If settlement or court action subsequently provides for RP payment in excess of the limit of liability, the additional amount should be recognized as both revenue and as a receivable at that time. All concerns about collectability of the receivables should be reflected by means of appropriate entries to the Allowance for Loss on Accounts Receivable general ledger account.

B. Billings:

- (1) Billings including partial billings shall be made in a timely manner in accordance with prevailing regulations. Non-Federal billings shall include applicable interest, penalty and administrative charges.
- (2) Other Government Agencies (OGA) should be billed by On-Line Payment and Collections System (OPAC). Department of Defense (DOD) is billed by both OPAC and SF1080s. OPAC is always the preferred billing method.
- (3) Provisions of section 5.I. "Reimbursable and Refund Programs" of the FRMM apply.
- (4) Billings shall be accomplished using the approved accounts receivable system (i.e. Oracle) unless waived by G-CFS.

C. Collection Process:

- (1) Vigorous follow-up action will be pursued by the Accounts Receivable Manager to assure maximum collection effectiveness. This action will include:
  - (a) Adhering to COMDTINST M5890.9, CG Claims and Litigation Manual.
  - (b) Collecting all non-federal debts in a timely manner.
  - (c) Aging of billed receivables to facilitate concentration of collection efforts.
  - (d) Referring all non-Federal debts more than 180 days old to Treasury, Financial Management

Service (FMS) for offset and cross-servicing, according to the 1996 Debt Collection Improvement Act and related FMS guidance. Transmit all information to Treasury for debts referred, following the latest regulations in the Treasury Financial Manual and supplements. Copies of referrals will be sent to FINCEN.

- (e) Referring all Federal debts more than 180 days old to the FINCEN. The FINCEN shall serve as the CG's central point of contact for resolving amounts owed the CG from other Federal agencies. However, cases involving amounts owed the OSLTF by other federal agencies will be resolved by the NPFC.
- (f) Reviewing delinquent debts continuously to identify those items that should be written-off and closed out.
- (g) Reconciling subsidiary receivable records at least quarterly with the related general ledger.
- (h) Processing remittances in accordance with applicable regulations. Timely entry shall be made to accounts receivable.

D. Uncollectible Accounts Receivable Recognition in Financial Accounting Records:

- (1) Losses on receivables should be recognized by the accounts receivable managers when it is more likely than not that the receivables will not be totally collected. When this situation exists, the accounts receivable managers shall establish an appropriate Allowance for Loss on Accounts Receivable.
- (2) Write-offs and close-out procedures shall be in accordance with COMDTINST M5890.9, CG Claims and Litigation Manual, and Section V of OMB Circular A-129 (Revised), Ref. C.

E. Reporting:

- (1) Accounts receivable managers maintaining general ledger accounts shall account for and report separately:

- (a) Intragovernmental (Federal) and Non-Federal entities accounts receivable.
  - (b) Billed and unbilled receivables.
- (2) This information shall be provided timely to the FINCEN in accordance with FINCEN SOP.
- (3) The FINCEN reports all CG accounts receivable for internal management purposes and in compliance with external regulatory requirements.

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